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(Original Signature of Member)

117TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To support the development of limited equity cooperatives in the United States, and for other purposes.

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. BOWMAN introduced the following bill; which was referred to the Committee on \_\_\_\_\_  
\_\_\_\_\_

## **A BILL**

To support the development of limited equity cooperatives in the United States, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Affordable CO-OP  
5       (Collective Opportunities for Owning Property) Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

8               (1) Limited equity cooperative housing stems  
9       from the premise that housing should provide shel-

1       ter, not a speculative opportunity. Residents pur-  
2       chase a below market-rate “equity” share of the co-  
3       operative corporation that owns the property of the  
4       cooperative and residents are charged affordable  
5       monthly carrying charges. The amount the share  
6       price increases over time is limited by the coopera-  
7       tive by-laws, creating an affordable entry point into  
8       housing that stays affordable over time. Members  
9       can sell their equity share at a specific rate to main-  
10      tain affordability over a longer time period. In this  
11      way, limited equity cooperatives provide an impor-  
12      tant form of affordable homeownership and foster  
13      community among shareholders.

14           (2) Over 1.5 million families and seniors benefit  
15      from cooperative housing models in the United  
16      States. There are over 200,000 units of limited eq-  
17      uity housing units across the Nation. Limited equity  
18      cooperatives range in size, from single family de-  
19      tached cooperative structures to dense, mixed-use,  
20      multi-family models.

21           (3) The largest limited equity housing coopera-  
22      tive in North America is Co-op City, located in the  
23      Bronx, New York. Co-op City provides over 44,000  
24      residents with affordable, democratically-controlled  
25      housing in an increasingly expensive region. This

1 community can serve as a model for the nation on  
2 how to build and sustain decommodified housing and  
3 homeownership opportunities for those who are dis-  
4 proportionately exploited by the traditional housing  
5 market, banking, and credit system, including Black  
6 and brown households, low-income households, sen-  
7 iors, and people with disabilities.

8 (4) Limited equity cooperatives do not enjoy  
9 strong Federal support relative to other forms of  
10 homeownership.

11 **SEC. 3. INCREASED PRODUCTION OF NEW LIMITED EQUITY**  
12 **COOPERATIVES.**

13 (a) IN GENERAL.—The Secretary of Housing and  
14 Urban Development shall, not later than 1 year after the  
15 date of the enactment of this Act, establish a program to  
16 provide zero interest loans to non-profit and public sector  
17 entities for the pre-development, acquisition, development,  
18 rehabilitation, or conversion of buildings into limited eq-  
19 uity cooperatives.

20 (b) USE OF LOANED AMOUNTS.—Each entity pro-  
21 vided a loan under this section may use such amounts to  
22 make loans to intermediaries, including community devel-  
23 opment financial institutions, credit unions, minority de-  
24 pository institutions and cooperative financial institutions

1 to support the ability of residents ability to afford  
2 downpayments and monthly carrying charges.

3 (c) LOAN AMOUNT.—Loans provided under this sec-  
4 tion shall be in an amount equal to not more than 95 per-  
5 cent of the total cost of a project undertaken by an entity.

6 (d) RESERVE.—The Secretary of Housing and Urban  
7 Development shall use not less than 20 percent of any  
8 amounts appropriated under this section to provide finan-  
9 cial support to limited equity cooperatives for which not  
10 less than 50 percent of the households have an annual in-  
11 come that is less than 60 percent of the area median in-  
12 come.

13 (e) CONDITIONS.—The Secretary of Housing and  
14 Urban Development shall require entities participating in  
15 the program established pursuant to subsection (a) to—

16 (1) minimize evictions of—

17 (A) tenants residing in properties under-  
18 going conversions to limited equity cooperatives  
19 using amounts provided under this section; and

20 (B) residents that will reside in limited eq-  
21 uity cooperatives developed using amounts pro-  
22 vided under this section;

23 (2) ensure that unit and building design sup-  
24 ports the needs of older residents and residents with  
25 disabilities;

1           (3) ensure that unit and building design, to the  
2           greatest extent practicable, rely on renewable energy  
3           and sustainable building models that support a just  
4           transition from fossil fuels;

5           (4) comply with all requirements of the Fair  
6           Housing Act of 1968;

7           (5) to the greatest extent possible, not limit ac-  
8           cess to limited equity housing cooperatives based on  
9           the eviction history or credit report of a prospective  
10          resident;

11          (6) ensure that units built with amounts pro-  
12          vided under this section are, to the greatest extent  
13          possible—

14                (A) permanently affordable;

15                (B) available to households with an annual  
16                income that is less than 120 percent of the area  
17                median income; and

18                (C) available to households with an income  
19                that is above the Federal poverty line but below  
20                the estimated cost of living in a geographic  
21                area;

22          (7) use community land trust models to ensure  
23          permanent affordability of the land underlying the  
24          property;

1 (8) in the case of an entity developing or reha-  
2 bilitating mixed-use limited equity housing coopera-  
3 tives, the entity shall to the degree possible, colocate  
4 cooperative businesses, especially those owned and  
5 democratically controlled by employees, on the site of  
6 the limited equity cooperative; and

7 (9) to the greatest extent applicable, ensure  
8 that all laborers and mechanics employed by the en-  
9 tity in the performance of construction, alteration,  
10 repair, or maintenance work financed in whole or in  
11 part with assistance under this section be paid  
12 wages at rates not less than those prevailing on  
13 similar construction in the locality, as determined by  
14 the Secretary of Labor, in accordance with sub-  
15 chapter IV of chapter 31 of title 40, United States  
16 Code (commonly known as the “Davis Bacon Act”).

17 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
18 are authorized to be appropriated, in fiscal years 2023 to  
19 2033 to the Secretary of Housing and Urban Development  
20 such sums necessary to carry out this section.

21 **SEC. 4. INSURANCE OF LIMITED EQUITY COOPERATIVE**  
22 **MORTGAGES.**

23 (a) INSURANCE OF MORTGAGES.—Section 213 of the  
24 National Housing Act (12 U.S.C. 1715e) is amended—

25 (1) in subsection (a)—

1 (A) in paragraph (2), by striking “or” at  
2 the end;

3 (B) in paragraph (3), by striking the pe-  
4 riod at the end and inserting “or;” and

5 (C) by inserting after paragraph (3) the  
6 following:

7 “(4) a limited equity cooperative.”; and

8 (2) by adding at the end the following:

9 “(r) Notwithstanding any other provision of this sec-  
10 tion the Secretary may waive or specify alternative re-  
11 quirements for limited equity cooperatives if the Secretary  
12 determines that such waiver or alternative requirement  
13 would advances the needs of the development, rehabilita-  
14 tion, or preservation of limited equity cooperatives.

15 “(r) LIMITED EQUITY COOPERATIVE DEFINED.—  
16 The term ‘limited equity cooperative’ has the meaning  
17 given the term in the ‘Affordable CO-OP (Collective Op-  
18 portunities for Owning Property) Act’.”.

19 **SEC. 5. AFFORDABLE HOUSING COOPERATIVE COMMUNITY**  
20 **FUND GRANT PROGRAM.**

21 (a) IN GENERAL.—The Secretary of Housing and  
22 Urban Development shall, not later than 1 year after the  
23 date of the enactment of this Act, establish a Affordable  
24 Cooperative Community Fund Grant Program to provide  
25 discretionary grants to States with limited or zero equity

1 cooperative housing to be used to finance community de-  
2 velopment activities for limited equity cooperative resi-  
3 dents, including—

4 (1) improving the physical condition of limited  
5 equity cooperative property, including upgrades to  
6 affordable cooperative housing structures that sup-  
7 port accessibility, visitability of common areas, retro-  
8 fits to improve climate resiliency or reduce household  
9 energy burdens, efforts to include or improve  
10 broadband, and to support community and wellness  
11 programming;

12 (2) activities to further promote democratic,  
13 transparent governance;

14 (3) coordinating programming for individuals  
15 living in permanently affordable limited or zero-eq-  
16 uity cooperative housing, including support for older  
17 adults to age in community; and

18 (4) activities to support the co-location of coop-  
19 erative businesses, including child care centers and  
20 elder care centers.

21 (b) SUBGRANTS.—Any State that receives an amount  
22 under this section may make subgrants of such amount  
23 to—

24 (1) limited equity cooperatives;

1           (2) community organizations that support the  
2           health, financial stability, and well-being of the resi-  
3           dents of limited equity cooperatives or improve the  
4           physical condition, including accessibility features, of  
5           limited equity cooperatives;

6           (3) Housing Development Finance Corpora-  
7           tions; and

8           (4) non-profit housing developers that provide  
9           development services designed to create and preserve  
10          limited equity housing cooperatives.

11       (c) REQUIREMENT.—Any amounts provided to a  
12       State under this section that are used for improving the  
13       physical condition of limited cooperative housing prop-  
14       erties should be used, to the greatest extent practicable,  
15       in a manner that supports a just transition away from  
16       fossil fuel energy consumption and protects households re-  
17       siding in limited equity cooperatives from the threats of  
18       climate change.

19       (d) AUTHORIZATION OF APPROPRIATION.—There are  
20       authorized to be appropriated to the Secretary of Housing  
21       and Urban Development \$1,000,000,000 to carry out this  
22       section in each of fiscal years 2023 through 2033.

23       **SEC. 6. WEATHERIZATION.**

24       (a) IN GENERAL.—The Secretary of Housing and  
25       Urban Development and the Secretary of Energy shall

1 jointly identify limited equity cooperatives that are eligible  
2 for the weatherization assistance program and issue guid-  
3 ance to States with respect to how to support weatheriza-  
4 tion efforts within these limited equity cooperatives.

5 (b) GUIDANCE.—When developing guidance pursuant  
6 to subsection (a), Secretary of Housing and Urban Devel-  
7 opment and the Secretary of Energy shall, to the greatest  
8 extent practicable, ensure that guidelines do not further  
9 restrict weatherization assistance program eligibility.

10 **SEC. 7. DISASTER RELIEF.**

11 (a) IN GENERAL.—Section 408(c)(2)(A) of the Rob-  
12 ert T. Stafford Disaster Relief and Emergency Assistance  
13 Act (42 U.S.C. 5174(c)(2)(A)) is amended—

14 (1) in clause (i), by striking “and” at the end;

15 (2) in clause (ii), by striking the period at the  
16 end and inserting “; and”; and

17 (3) by adding at the end the following:

18 “(iii) the repair and rehabilitation of  
19 shared elements of the home or apartment  
20 structure in limited equity cooperatives, as  
21 such term is defined in the ‘Affordable CO-  
22 OP (Collective Opportunities for Owning  
23 Property) Act’.”.

24 (b) PROHIBITION.—If a major disaster or emergency  
25 is declared under section 401 or 501 or a public health

1 emergency is declared under section 319 of the Public  
2 Health Service Act residents living in cooperative housing  
3 may not be barred from receiving assistance exclusively  
4 due to their residence in a cooperative housing structure.

5 **SEC. 8. OFFICE OF SHARED EQUITY HOUSING.**

6 (a) ESTABLISHMENT.—

7 (1) IN GENERAL.—The Secretary of Housing  
8 and Urban Development shall, not later than 180  
9 days after the date of the enactment of this Act, es-  
10 tablish an Office of Shared Equity Housing to be  
11 headed by a Special Assistant for Cooperatives.

12 (2) RESPONSIBILITIES.—The Office of Shared  
13 Equity Housing shall—

14 (A) support Federal policies and programs  
15 related to the development and sustainment of  
16 permanently affordable shared equity housing  
17 models, including limited equity cooperatives,  
18 zero-equity cooperatives, and community land  
19 trusts;

20 (B) provide technical assistance to States  
21 and units of local government with respect to  
22 shared equity housing models, including limited  
23 equity cooperatives and community land trusts  
24 and Mutual Housing Associations;

1 (C) participate in the Interagency Working  
2 Group on Cooperative Development, and work  
3 with other members of the Interagency Working  
4 Group on Cooperative Development to explore  
5 how, to the greatest extent possible, the Federal  
6 Government can support robust financial sup-  
7 port for schools located in school districts with  
8 limited equity cooperatives; and

9 (D) not later than 1 year after the date of  
10 the enactment of this section, and each year  
11 there after, publish on the website of the Office,  
12 the number of limited equity cooperatives in the  
13 United States.

14 (b) GUIDANCE.—The Secretary of Housing and  
15 Urban Development, acting through the Special Assistant  
16 for Cooperatives, shall, not later than 1 year after the date  
17 of the enactment of this Act, issue guidance to States and  
18 units of local government that encourages the elimination  
19 of barriers to financing, developing, maintaining, and sus-  
20 taining limited equity cooperatives.

21 (c) REPORT.—The Secretary of Housing and Urban  
22 Development, acting through the Special Assistant for Co-  
23 operatives, shall, not later than 3 years after the date of  
24 the enactment of this Act, issue a report to Congress that  
25 includes—

1           (1) an analysis of the impact on the loan pro-  
2       gram established under section 3;

3           (2) an analysis of current and historical Fed-  
4       eral programs administered by the Secretary of  
5       Housing and Urban Development and the Secretary  
6       of the Treasury that support or have supported the  
7       production or preservation of limited equity coopera-  
8       tives, including a review of the role of project based  
9       rental assistance in funding limited equity coopera-  
10      tives;

11          (3) an identification of barriers to using exist-  
12      ing Federal funding to support for limited equity co-  
13      operatives; and

14          (4) recommendations for the Congress with re-  
15      spect to how to further support Federal funding for  
16      limited equity cooperatives.

17      (d) CONTRACTING.—The Assistance Secretary for  
18      Cooperatives may enter contracts with non-profit organi-  
19      zations to provide technical assistance services.

20      (e) AUTHORIZATION OF APPROPRIATIONS.—There  
21      are authorized to be appropriated to the Secretary, such  
22      sums necessary to carry out the administrative activities  
23      of the Office of Cooperatives.

24      **SEC. 9. DEFINITIONS.**

25      In this Act:

1           (1) LIMITED EQUITY COOPERATIVE.—The term  
2           “limited equity cooperative” means a shared equity  
3           affordable homeownership model in which—

4                   (A) residents purchase a share in a resi-  
5                   dential development and commit to resell their  
6                   share at a price that maintains affordability at  
7                   purchase and over the long term;

8                   (B) residents control the operation and  
9                   management of a residential development on a  
10                  one-member-resident, one-vote basis;

11                  (C) membership is offered without dis-  
12                  crimination to the general public; and

13                  (D) a commitment is made to a shareshare  
14                  or membership price that maintains afford-  
15                  ability at purchase and over the long term.

16           (2) OLDER RESIDENT.—The term “older resi-  
17           dent” means a household composed of one or more  
18           persons at least one of whom is 62 years of age or  
19           more at the time of occupancy.